United Nations A/C.5/55/SR.52

General Assembly
Fifty-fifth session

Official Records

Distr.: General
4 April 2001

Original: English

Fifth Committee

Summary record of the 52nd meeting
Held at Headquarters, New York, on Monday, 26 March 2001, at 10 a.m.

Chairman: Mr. Kelapile ..... (Botswana)
later: Mr. Chandra (Vice-Chairman) ..... (India)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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In the absence of Mr. Rosenthal (Guatemala, Mr. Kelapile (Botswama), Vice-Chairperson, took the Chair.

The meeting was called to order at 10.15 a.m.

Agenda item 117: Programme budget for the biennium 2000-2001 (*continued*)

Agenda item 168: Programme budget for the biennium 1998-1999 (*continued*)

United Nations Fund for International Partnerships (A/54/664 and Add.1-3, A/55/763 and Corr.1 and A/55/7/Add.9)

1. **Mr. Dossal** (United Nations Fund for International Partnerships), introducing the reports of the Secretary-General in documents A/54/664 and Add.1-3, and A/55/763 and Corr.1, said that document A/55/664 covered the activities of the United Nations Fund for International Partnerships (UNFIP) for 1999, and that the three addenda to the report contained detailed descriptions of the programme frameworks for children's health (Add.1), population and women (Add.2), and the environment (Add.3). Document A/55/763 covered UNFIP activities for 2000. The programme framework for energy had been completed in 2000, and an addendum to document A/55/763 would be submitted. The fourth area of UNFIP activity, e.g. peace, security and human rights, was just being established, but its completion could be expected in 2001.

2. In its efforts over the past three years to raise additional funding for the United Nations system, the United Nations Foundation had raised $311.8 million, of which over $248 million represented contributions from the Foundation itself, while funding from other sources accounted for another $63 million. Major co-financed elements included $50 million from the Bill and Melinda Gates Foundation for the polio initiative, and $1 million from the Rockefeller Foundation. A further $6 million had been raised by the United Nations Foundation and distributed directly to United Nations agencies without going through the UNFIP mechanism, raising the overall total to approximately $318 million.

3. UNFIP was working closely with its implementing partners to ensure adequate project monitoring and evaluation. Its focus would be to ensure a reasonable rate of project implementation, and it intended to provide the Committee with an addendum containing the details of implementation rates and the associated disbursement of funds for 2001. Starting in 2002, that information would be included in the UNFIP annual report.

4. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee in document A/55/7/Add.9, said that paragraphs 1 to 9 of the report informed the General Assembly of the work undertaken by the Advisory Committee with respect to the estimates of the administrative costs of UNFIP, and also referred to its review of the report of the Secretary-General on UNFIP, contained in document A/55/763. Annexes I and II of the Advisory Committee's report contained the texts of letters submitted by the Advisory Committee to the Secretary-General. Annex III contained information on the implementation by UNFIP of the recommendations of the Board of Auditors. The Advisory Committee had submitted its report for information purposes, and recommended that the General Assembly should take note of the report of the Secretary-General in document A/55/763.

5. **Mr. Abraszewski** (Poland) commended the Advisory Committee for having annexed to its report the letters from its Chairman addressed to the Secretary-General, as well as for including information on the implementation by UNFIP of the recommendations of the Board of Auditors. Such transparency served well the purposes of providing information needed by the Member States, in the context of strict adherence to United Nations standards of budgetary oversight.

6. His delegation trusted that, in its future presentations, UNFIP would also follow and apply the concept of results-based budgeting. The identification of high-impact projects seemed particularly suited to a results-based approach, and to the application of a logical framework comprising stated objectives, expected accomplishments, and performance indicators and measurements, in order to facilitate project evaluation in future funding cycles.

7. The projects identified and financed through UNFIP represented a welcome supplement to the technical assistance activities executed at the national level or carried out by organizations of the United Nations system. In their role as implementing partners

for UNFIP projects, those organizations were gaining access to new sources of financing and technical assistance for developing countries and countries with economies in transition. Such access was particularly important in the current context of shrinking commitments to official development assistance.

8. The involvement of the private sector and civil society in cooperative efforts to attain the goals and objectives of the Charter of the United Nations was an important new trend that appeared to be gaining momentum, part of the ongoing process of reform and modernization of the Organization. Besides enhancing the mobilization of resources for development needs, the involvement of the private sector in United Nations activities contributed to a sense of collectivity of effort among the Member States and various social groups, as well as to the overall enhancement of the image and perception of the United Nations among the countries of the world.

9. **Ms. Wynes** (United States of America) said that UNFIP and the United Nations Foundation had clearly developed a productive partnership between the Organization and the private sector. Her delegation appreciated the contributions of the United Nations Foundation towards the attainment of United Nations goals in the areas of health, the environment, and peace and security. It commended the efforts of UNFIP to develop a comprehensive system of monitoring and evaluating projects sponsored by the United Nations Foundation, and urged the United Nations itself to consider a similar approach to its own programme-evaluation needs. It looked forward to receiving the proposed addendum on implementation rates, and applauded the use of sunset provisions to provide definitive time lines and expiration dates that encouraged implementing partners to comply with reporting requirements. It encouraged UNFIP to provide information in the future on the oversight framework that it might have developed for its programmes, including arrangements for audits and management reviews.

10. **Mr. Dossal** (United Nations Fund for International Partnerships) said that UNFIP had taken note of the comments of the Polish and United States delegations, and that it intended to continue to evaluate its monitoring and evaluation efforts. UNFIP was also in constant dialogue with private-sector donors to obtain their assistance in its various activities, particularly in the area of HIV/AIDS.

11. **The Chairman** said that the Secretariat would prepare a draft decision whereby the Committee would recommend that the General Assembly take note of the reports of the Secretary-General on the United Nations Fund for International Partnerships (A/54/664 and Add.1 to 3 and A/55/763 and Corr.1), as well as the comments and recommendations made thereon by the Advisory Committee on Administrative and Budgetary Questions (A/55/7/Add.9).

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/55/789)

12. **Mr. Gilpin** (Chief, Contributions Service), introducing the report of the Secretary-General on the application of Article 19 of the Charter of the United Nations (A/55/789), said that it had been prepared in response to requests, contained in General Assembly resolution 55/5 A of 26 October 2000, for a review of "the implications of the calculation of assessed contributions in arrears for the purpose of the application of Article 19 of the Charter at the beginning of each calendar year and at the beginning of the financial peacekeeping period". The Secretariat intended to make the report available to the Committee on Contributions at its sixty-first session in June 2001, together with the results of the Fifth Committee's consideration of the report at the current resumed session.

13. The report identified three main elements in the current methodology for applying Article 19: the interpretation of "arrears"; the interpretation of "contributions due ... for the preceding two full years"; and the related question of whether to use figures "gross" or "net" of staff assessment and other income.

14. Consistent with the current definition of "arrears" as those amounts assessed and payable by the end of the previous year, the Secretariat undertook a single annual exercise, comparing the amount of outstanding assessed contributions for each Member State to the total assessments for that Member State in the preceding two full years. With regard to the interpretation of "contributions due ... for the preceding two full years", the Secretariat's practice had been to use total assessments due and payable in the preceding two calendar years as the basis of comparison, undertaking preliminary calculations towards the end of each year for the following year and final calculations at the beginning of January of the

following year. With regard to the third element, the General Assembly occasionally authorized a reduction of the "gross" amounts assessed by the amount of each Member State's share of estimated income from staff assessment, with the resulting "net" assessment being the amount actually payable. The established practice had thus been to compare amounts outstanding, which for most Member States reflected "net" assessments, with total, i.e. "gross" assessments for the previous two years.

15. General Assembly resolution 55/5 A referred to two possible changes in current practice. The first would involve a biannual calculation and application of Article 19 on 1 January and 1 July each year. In its earlier consideration of the matter, the Committee on Contributions had concluded that such a change would require an appropriate change in financial regulation 5.4. Paragraph 13 of the Secretary-General's report also drew attention to a practical issue with regard to the current wording of the regulation in the event of such a change. Biannual application of Article 19 would also require a decision as to the appropriate definition of "the preceding two full years" for the purpose of applying Article 19. The Committee on Contributions had concluded that the preceding 24-month period would be a suitable definition in that context, and the related tables in the Secretary-General's report were based on that approach.

16. The second change referred to in the resolution would involve basing the calculations for Article 19 on "net" rather than "gross" assessments for the preceding two full years. According to advice from the Legal Counsel, the General Assembly could, by resolution and with or without changing the financial regulations of the United Nations, direct the Secretary-General to make that change.

17. The report provided relevant data for 2000 to illustrate the application of the current methodology and the implications of the changes considered in resolution 55/5 A. Annex II A showed data for Member States which did fall or would have fallen under the provisions of Article 19 under at least one of the approaches considered, while Annex II B showed the results of the various calculations for those Member States with minimum amounts payable to avoid the application of Article 19.

18. As summarized in Annex I of the report, it was clear that biannual application of Article 19 would tend to bring Member States under its provisions sooner; calculations based on "net" assessments would tend to bring more Member States under its provisions and/or increase the minimum amount payable by them to avoid its application.

19. **Mr. Mirmohammed** (Islamic Republic of Iran), speaking on behalf of the Group of 77 and China, said that the Charter provisions were legally binding on all Member States; a possible strengthening of Article 19 was no substitute for a commitment to the Charter. As for the method of calculating arrears, current procedures were consistent with the relevant decisions of the General Assembly; there was no legal reason to change the current methodology.

20. The proposals in paragraphs 5 and 6 of General Assembly resolution 55/5 A sought to improve the Organization's precarious financial situation. Yet the information provided in the report of the Secretary-General indicated that calculating arrears on a twice-yearly and "net to net" basis would probably increase the number of developing countries affected by Article 19, without improving the financial situation. If all Member States affected by Article 19 were to pay the minimum amount required under that approach, it would increase the cash balance by a mere $9 million. Adopting that measure would not reduce the financial problems of the Organization and could harm a significant number of Member States, mainly those that could least afford it.

21. By approving the resolutions on the two scales of assessment, the General Assembly had taken an important step towards restoring the Organization to financial health. In practical terms, the cost had largely been borne by developing countries, which should not be required to assume further financial burdens. In accordance with resolution 55/5 A, the Committee on Contributions would consider issues relating to the application of Article 19 during its sixty-first session. The Group of 77 looked forward to examining the report from that session to determine whether further action was required.

22. **Mr. Valdes** (Chile), speaking on behalf of the Rio Group, said that the Group wished to associate itself with the statement made by the delegation of the Islamic Republic of Iran on behalf of the Group of 77 and China. In the understanding of the Rio Group, the inclusion of paragraphs 5 and 6 in General Assembly resolution 55/5 A had been part of a compromise to

allow the restoration of the right to vote of developing countries facing economic and financial difficulties. While paragraph 5, concerning the biannual calculation of arrears, simply requested a report, the application of paragraph 6 would increase the minimum payment for restoration of the right to vote.

23. As indicated in annex I of document A/55/789, the change in the calculation methodology could increase the number of countries subject to the application of Article 19 from 33 to 48, with little or no impact on the financial situation of the Organization.

24. The financial effects of the new scale of assessment had been absorbed almost exclusively by the developing countries, and therefore the Rio Group did not feel that it was the appropriate time to make decisions that would impose additional financial burdens. The strengthening of Article 19 would be accomplished not by increasing the number of developing countries which came under its provisions, but by ensuring that it was applied in a non-political way, giving consideration to exceptional cases. The recommendations of the Committee on Contributions regarding exemptions to the application of Article 19 should be made according to clear and objective criteria.

25. The funding of the Organization was a shared responsibility of all Member States, and payment of contributions was a commitment made when a State joined the United Nations. The Rio Group therefore invited all Member States to pay their assessment in full, on time and without conditions.

26. **Ms. Petrosini** (Venezuela) said that developing countries were making an effort to pay their contributions to the Organization, the proof being that over the past 7 years the number of Member States paying their contributions to the regular budget in full had increased.

27. The Under-Secretary-General for Management had indicated in his recent statement to the Committee that arrears were concentrated among a small number of Member States. At the end of 2000, the United States had owed 74 per cent of the total arrears to the regular budget, the United States and France had owed 51 per cent of the arrears to the International Tribunals, and the United States and Japan had owed 73 per cent of the arrears to the peacekeeping budget. Those figures showed that the financial crisis was a result not of the failure of developing countries to pay their contributions but of the failure of the United States to pay its contribution. Changes to the application of Article 19 would not alter that fact. In the view of her delegation, it was not the appropriate time to make a change, especially following the increased assessment for many developing countries.

28. **Mr. Fox** (Australia), speaking also on behalf of New Zealand and Canada, said that the report before the Committee contained a number of useful suggestions, including the biannual calculation of arrears and the proposal to redefine the preceding two full years as the preceding 24 months. Those ideas would further tighten the application of Article 19, and deserved serious consideration. The delegations looked forward to the recommendations of the Committee on Contributions.

29. **Mr. Nesser** (Sweden), speaking on behalf of the European Union and the associated countries Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Romania, Slovakia and Slovenia, as well as Cyprus, Malta, Iceland and Norway, said that the payment of assessed contributions in full, on time and without conditions was the prerequisite for placing the Organization's finances on a sound long-term footing. The European Union attached great importance to Article 19 of the Charter and would like to see it applied in a fair and consistent manner. It underlined the essential role of the Committee on Contributions in that regard. Despite the mechanisms under Article 19, problems remained, and unjustified arrears eroded the effectiveness of the United Nations, although it should be noted that the situation of arrears to the International Tribunals had changed since the report was issued. However, the modalities of Article 19 were not directed at Member States with genuine difficulties.

30. The European Union welcomed the report of the Secretary-General on the application of Article 19 of the Charter, and awaited the recommendations of the Committee on Contributions on the use of the "net to net" method of calculating arrears and on the implementation of the decision to modify the application of Article 19.

31. **Mr. Adam** (Israel) said that the need to improve the financial situation of the Organization was clear. For its part, on 1 January 2001, Israel had moved voluntarily from Group C to Group B on the peacekeeping scale of assessments, and had never applied for an exemption under Article 19 of the

Charter. Although new ideas were important, his delegation could not support any changes to the methodology of application at the current stage.

32. **Mr. Anas** (Sudan) said that his delegation supported the statement made by the delegation of the Islamic Republic of Iran on behalf of the Group of 77 and China. All Member States should be urged to pay their contributions in full, on time and without conditions, in accordance with the financial rules and regulations.

33. As for the calculation of arrears, developing countries, especially the least developed countries, would be negatively affected by any changes in the methodology. Most already struggled with a heavy debt burden. The principle of capacity to pay should be followed and exceptions to Article 19 granted when necessary.

34. **Mr. Fujii** (Japan) said, with reference to the statement made by the representative of Venezuela, that Japan's peacekeeping contributions had been in arrears as at 31 December 2000 owing to the gap between the financial cycle of the Organization and that of the Japanese Government. As the Under-Secretary-General for Management had indicated at the Committee's 50th meeting, Japan had just made a payment representing the full amount of its peacekeeping arrears.

35. **Ms. Nossel** (United States of America) said that the Secretary-General's report (A/55/789) provided a useful basis for the Committee's discussions. Her delegation aligned itself with all the comments made with regard to the Member States' shared concern about the Organization's financial situation. Under General Assembly resolution 55/5 A, all Member States, both developed and developing, would share the responsibility for finding a solution to the Organization's financial difficulties. The United States appreciated the leadership shown by those countries which, in line with that resolution, had taken on additional financial responsibilities. She was confident that her Government would meet its obligations under that resolution in the near future.

36. Article 19 provided an important incentive to all Member States to fulfil their Charter obligations, and should therefore remain strong. However, she understood that the proposals contained in the Secretary-General's report, which would tighten the application of Article 19, might create additional burdens for countries that were not in a position to assume them. The needs and interests of such countries must be taken into account. The Committee should consider whether those proposals would really meet the objective of strengthening the Organization's financial position, and should analyse them carefully, taking into account the analysis and recommendations of the Committee on Contributions.

37. *Mr. Chandra (India), Vice-Chairman, took the Chair.*

Agenda item 126: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (*continued*) (A/55/826)

38. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services) introduced the report of the Secretary-General entitled "Enhancing the internal oversight mechanisms in operational funds and programmes: updated version" (A/55/826). The report updated the information provided previously in document A/51/801, issued in 1997. The information received from the funds and programmes surveyed had been analysed from two perspectives: first, with regard to each fund and programme; and second, with regard to each internal oversight function. Details on each entity's oversight arrangements were provided in the tables annexed to the report.

39. The report's issuance had been delayed because extensive consultations had been held with the funds and programmes to ensure a sound foundation for the recommendations. An advance copy of the report had been circulated to the heads of the funds and programmes, and their comments had been incorporated, where appropriate, into the final report. The report also took into account the views expressed by intergovernmental bodies in their review of the earlier report.

40. Overall, the internal oversight mechanisms of the funds and programmes had improved since 1997, owing, inter alia, to increased cooperation with the Office of Internal Oversight Services (OIOS) and new evaluation, monitoring and inspection procedures. No basic changes had been made in audit arrangements, but the resources allocated for that purpose had been increased in some cases. Most of the funds and programmes did not have the capacity to carry out investigations, which required specific professional skills and administrative provisions.

41. The funds and programmes had implemented, to varying degrees, five of the eight recommendations contained in the 1997 report, as reflected by the recent changes in their organizational arrangements for oversight. The other three recommendations had been modified, and appeared in the current report. They were designed to provide a solid basis for ensuring adequate internal oversight in the funds and programmes. Recommendation 1 was aimed at establishing a budgetary provision for all aspects of oversight coverage at existing and new funds and programmes and at formalizing the arrangements for reimbursing OIOS for its services to the funds and programmes, as suggested by the Advisory Committee (A/54/7, para. IX.4). Currently, the resources of OIOS were being drained by the audit and investigation services which it provided to certain funds and programmes at its own expense. Recommendation 2 concerned the establishment, at each entity, of an oversight committee on which OIOS would be represented, to strengthen information exchange and coordination between OIOS and the funds and programmes. He hoped that the Committee would endorse the new recommendations, which were essential for enhancing the internal oversight mechanisms in operational funds and programmes.

42. **Mr. Nakkari** (Syrian Arab Republic), supported by **Mr. Ahmed** (Iraq), said that the Secretary-General's report should be discussed at a future meeting, since delegations had had little time to study it owing to its late submission.

Other matters

43. **Mr. Nakkari** (Syrian Arab Republic) said that, at the end of each meeting, the Chairman should invite comments from delegations under the item "Other matters". Recently, the Office of Legal Affairs had issued an opinion to the effect that a General Assembly decision to take note of a report meant that the Assembly agreed with the content of the report. He asked whether a member of the Secretariat could provide a clarification of that opinion.

44. **The Chairman** said that the Syrian delegation's request would be followed up either at a forthcoming meeting or on a bilateral basis.

The meeting rose at 11.40 a.m.